

AR37



Inter-Provincial Diversified

Holdings Limited

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1969



Inter-Provincial Diversified Holdings Limited

board of directors

JOSEPH FRIEBERG
President

WILLIAM ZIMMERMAN
Secretary

officers

RICHARD ARTHUR DALY, JR.

JOSEPH FRIEBERG

THOMAS HERBERT GOOCH

MURRAY JOSEPH HOWE

WILLIAM HEWSON ZIMMERMAN

SAUL SIGAL

DAVE MILLER

registrars and transfer agents

CANADA TRUST COMPANY LIMITED
Common Shares

trustees

MONTREAL TRUST COMPANY
Collateral Trust Notes

CANADA PERMANENT
TORONTO GENERAL TRUST COMPANY
6½ % Convertible Debentures

auditors

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

TORONTO, ONTARIO
CALGARY, ALBERTA

executive and head office

HIGHWAY #7 AND KEELE STREET
CONCORD, ONTARIO

shares listed

COMMON
Toronto Stock Exchange

Inter-Provincial Diversified Holdings Limited

President's Report

To Our Shareholders:

I am pleased to present for your information the consolidated financial statements of the Company and its wholly-owned subsidiaries for the fiscal year ended December 31, 1969. The presentation of this annual report gives us the opportunity to submit for the first time the consolidated balance sheet which includes the accounts of the following wholly-owned subsidiary companies:

Western Aluminum Products Limited
Amalgamated Glass Limited
I. C. D. Realty Limited

The 1968 comparative figures have also been presented on the same basis used in 1969 which differed from the form of presentation reported to the shareholders for 1968. The reason for the above consolidation was that the present remaining finance loans are negligible in relation to the consolidated net assets of the Company and its subsidiary, and also in relation to the income generated by the Western Aluminum Products Limited operation.

OPERATIONS

From 1966 till now, the Company's only real business was carried on through its wholly-owned subsidiary, Western Aluminum Products Limited, a firm engaged in the manufacture and sale of aluminum windows, doors, and sealed units. Consolidated Net Income (including Western) before taxes and extraordinary items was \$343,829 compared to \$314,517 for 1968. Consolidated Net Income after taxes was \$181,079 compared to \$272,983 in 1968. Western's net profit after taxes for 1968 was higher because the total income taxes actually payable for 1968 were reduced by the application of a prior years' tax loss carried forward.

PRESENT FINANCIAL POSITION

The **Net Worth** of the Company has increased from \$462,571 as at December 31, 1968, to **\$693,486** as at December 31, 1969. At the time of this report, funds have been deposited with the Montreal Trust Company to redeem the \$229,050 remaining outstanding balance of 6¾% secured collateral trust notes. This is a further milestone in the history of your Company as it finally eliminates the secured debt.

The 6½% Subordinate Convertible Debentures have been reduced to \$9,000 through conversion from \$71,000 as at December 31, 1968.

Inter-Provincial Diversified Holdings Limited

PRO FORMA CONSOLIDATED BALANCE SHEET

JANUARY 1, 1970

(UNAUDITED)

ASSETS

CURRENT ASSETS

Cash	\$1,050,487	
Funds on Deposit with Trust Company	30,197	
Prepaid Expenses	6,557	
Accounts Receivables	195,517	\$1,282,758

INVESTMENTS

9½ % Convertible Debentures Indal Canada Limited	250,000
50% Partnership in Western Aluminum Products	1,250,000

SUNDRY ASSETS

Miscellaneous Assets	7,419
Fixed Assets, at cost less depreciation	12,217
	<u>\$2,802,394</u>

LIABILITIES

CURRENT LIABILITIES	\$ 16,168
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LONG TERM DEBT

6¾ % Collateral Notes (Note 1)	\$ 229,050	
6½ % Convertible Debentures	9,000	
7½ % Debentures (including interest)	452,503	690,553

SHAREHOLDERS' EQUITY

Issued		
— 4 First Preference Shares	\$ 20	
Capital Stock		
— 1,135,251 Common Shares	1,140,198	
Retained Earnings	955,455	2,095,673
		<u>\$2,802,394</u>

Note 1 — This outstanding debt will be paid in full on July 1, 1970.

LETTER TO OUR SHAREHOLDERS

On February 27, 1970 the company completed the agreement with Indal Canada Limited to form an equal partnership to purchase the business of our subsidiary Western Aluminum Products Limited.

Because the transaction took place after the year end we are showing on the reverse side the effect of the transaction.

The company will carry on its books the investment of the partnership at \$1,250,000, the consideration paid by Indal for their 50% interest.

FINANCIAL

The effect of the transaction will allow the Company to offset 50% of Western Aluminum Products earnings against Inter-Provincial's prior years' tax losses carried forward amounting to \$487,689.

The sale of Western Aluminum Products net tangible assets for \$2,500,000 has resulted in a profit for this subsidiary of \$1,580,284. Thus the **consolidated net worth** of Inter-Provincial has increased from \$693,486 to **\$2,095,673**.

OPERATION

The partnership with Indal has substantially increased the strength of Western Aluminum.

Indal Canada Limited is a subsidiary of Pillar Limited of London, England. In 1969 Pillar's sales exceeded \$143,000,000 and net profits exceeded \$5,000,000. Subsequent to the formation of the partnership, the Rio Tinto-Zinc Corporation has offered to purchase control of Pillar. R.T.Z. is an international corporation in mining and related industrial companies. The company is one of the world's largest corporations. In 1969 R.T.Z.'s assets exceeded \$1.5 billion and net profits \$100 million.

Management is confident that the future growth of Western will be enhanced by the formation of this partnership.

OUTLOOK

Inter-Provincial enters the 1970 year with a strong cash position, a substantially improved net worth, and a 50% partnership in Western Canada's largest and most profitable aluminum window and door manufacturing company.

The company is now in a position to make some major corporate acquisitions to implement our diversification policy formulated in 1969. The timeliness and wisdom of the decisions will, of course, be studied in relationship to the current economic events taking place in Canada.

May 29, 1970.

Joseph Frieberg,
President.

WESTERN ALUMINUM PRODUCTS LIMITED

The Company has continued to increase its sales and profit at a gratifying rate. The increase of 1969 sales over 1968 was \$653,689 a rise of 17%. This is the fourth successive year that the Company has increased its sales. **Net Profit** before taxes increased 15% over the profit of 1968. As a result of continued profits, the Retained Earnings has increased from \$161,584 (Dec. 31, 1968) to \$315,932 (Dec. 31, 1969) a **95% growth**.

Despite the slowdown of residential starts across Canada, we are projecting the first half of 1970 to show a further increase in sales over the corresponding period in 1969. This is due to a more aggressive sales program by the Company and an increase of the Company's sales to the mobile home and travel trailer industry. Our newly constructed plant addition makes it the largest manufacturer of windows and doors in Western Canada.

SUBSEQUENT EVENTS

As previously announced, Western Aluminum Products Limited sold its undertaking, property and assets, effective date January 1, 1970, to an equal partnership formed by Inter-Provincial Diversified Holdings Limited and Indal Canada Limited for \$2,500,000 (see Balance Sheet Note #11). Indal Canada Limited holds interests in 13 Companies making aluminum and steel products, and in turn is controlled by the "Pillar" Corporation, a public Company incorporated in London, England. In association with others, "Pillar" has also developed aluminum operations in Germany, France and in Australia. The partnership with this world wide organization will have long range advantages to our Company.

OUTLOOK

Further diversification of the business is being studied, and the possible means of obtaining this goal are being carefully looked into. We enter the new year in the strongest financial position of your Company's history. We are confident 1970 will be another successful year. We gratefully acknowledge the confidence of our customers and the interest and support of our shareholders.

Respectfully,

Toronto,
June 1, 1970.

Joseph Frieberg,
President.

Inter-Provincial Diversified Holdings Limited

(Incorporated under the laws of Ontario)

AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1969

(with comparative figures at December 31, 1968)

ASSETS

CURRENT ASSETS

	1969	1968
Cash	\$ 50,837	\$ 65,836
Accounts receivable (Note 3)	733,088	691,427
Inventories (Note 4)	773,792	667,170
Prepaid expenses	12,921	6,451
	<u>1,570,638</u>	<u>1,430,884</u>

OTHER RECEIVABLES (Note 5)	120,147	307,413
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OTHER ASSETS, at cost

Funds deposited for the redemption of 6¾% secured collateral trust notes ..	30,197	135,000
Equity in residential property	14,118	14,118
Special refundable tax	2,432	2,432
Sundry assets	7,419	12,739
	<u>54,166</u>	<u>164,289</u>

FIXED ASSETS (Note 6)

Land, buildings and equipment, at cost	918,683	763,466
Less accumulated depreciation	338,090	281,892
	<u>580,593</u>	<u>481,574</u>

DEFERRED CHARGES

Finance charges less amortization	875	4,403
Die costs less amortization	22,008	15,804
Incorporation expense	250	250
	<u>23,133</u>	<u>20,457</u>

EXCESS OF COST OVER BOOK VALUE at date of acquiring shares

of subsidiary company	178,358	178,358
	<u>\$2,527,035</u>	<u>\$2,582,975</u>

Inter-Provincial Diversified Holdings Limited

(Incorporated under the laws of Ontario)

AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1969

(with comparative figures at December 31, 1968)

LIABILITIES

CURRENT LIABILITIES

Bank advances, secured by assignment of book debts and inventories	\$ 186,590	\$ 223,667
Accounts payable and accrued liabilities	554,632	400,485
Interest accrued on 6¾% secured collateral trust notes	8,995	19,330
Income and other taxes payable	145,883	54,241
Principal due within one year on long-term debt	26,328	34,554

922,428

732,277

LONG-TERM DEBT (Note 7)	893,121	1,378,627
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DEFERRED INCOME TAXES	18,000	9,500
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SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 8)

Authorized

- 28,300 5% Convertible first preference shares, par value \$5
- 2,000,000 Second preference shares redeemable at par value \$1
- 5,000,000 Common shares without par value

Issued

4 First preference shares	20	20
1,135,251 Common shares (1968, 1,071,651 shares)	1,140,198	1,071,798

1,140,218

1,071,818

DEFICIT	446,732	609,247
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Shareholders' equity	693,486	462,571
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\$2,527,035

\$2,582,975

Approved on Behalf of the Board:

JOSEPH FRIEBERG, *Director*

MURRAY HOWE, *Director*

Inter-Provincial Diversified Holdings Limited
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 1969

(with comparative figures for 1968)

	1969	1968
Sales, interest and other income	<u>\$4,442,997</u>	<u>\$3,806,623</u>
INCOME BEFORE UNDERNOTED ITEMS	<u>\$ 514,029</u>	<u>\$ 474,367</u>
Interest on long-term debt including amortization of finance charges	96,052	98,092
Depreciation	59,199	55,355
Amortization of die costs	<u>14,949</u>	<u>6,603</u>
	<u>170,200</u>	<u>160,050</u>
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	<u>343,829</u>	<u>314,317</u>
Income taxes		
Current	158,650	142,439
Deferred	<u>8,500</u>	<u>9,500</u>
	<u>167,150</u>	<u>151,939</u>
Income before extraordinary items	<u>176,679</u>	<u>162,378</u>
Extraordinary items		
Income tax reduction realized on carry-forward of prior years' losses	4,400	112,933
Other items	<u> </u>	<u>(2,328)</u>
	<u>4,400</u>	<u>110,605</u>
NET INCOME for the year	<u>\$ 181,079</u>	<u>\$ 272,983</u>

CONSOLIDATED STATEMENT OF DEFICIT

YEAR ENDED DECEMBER 31, 1969

(with comparative figures for 1968)

	1969	1968
DEFICIT at beginning of year	\$ 609,247	\$ 881,793
Add		
Cost of underwriting not completed less \$21,300 income tax reduction applicable thereto	<u>18,564</u>	<u> </u>
Incorporation expense written off	<u> </u>	<u>437</u>
	627,811	882,230
Deduct net income for the year	<u>181,079</u>	<u>272,983</u>
DEFICIT at end of year	<u>\$ 446,732</u>	<u>\$ 609,247</u>

Inter-Provincial Diversified Holdings Limited

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1969

(with comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
SOURCE OF FUNDS		
Operations		
Net income for the year	\$181,079	\$272,983
Add items not involving a current outlay of funds		
Deferred interest on 7½ % subordinated debentures	31,201	30,108
Deferred income taxes	8,500	9,500
Depreciation and amortization	77,676	68,355
Other items	<u>1,048</u>	<u>1,048</u>
	298,456	381,994
Decrease in other receivables	187,266	150,466
Issue of shares	6,400	
Proceeds of mortgage borrowing	32,000	16,151
Sale of fixed assets	10,449	4,034
Sale of investments		5,170
Other items	<u>5,320</u>	<u>5,170</u>
	<u>539,891</u>	<u>557,815</u>
APPLICATION OF FUNDS		
Reduction in non-current portion of long-term debt	381,905	192,409
Purchase of fixed assets	168,666	90,818
Additional die costs	21,153	16,215
Funds deposited for redemption of long-term debt		85,000
Cost of underwriting not completed less \$21,300 income tax reduction applicable thereto	18,564	
Other items		<u>6,546</u>
	<u>590,288</u>	<u>390,988</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(50,397)	166,827
WORKING CAPITAL* at beginning of year	<u>698,607</u>	<u>531,780</u>
WORKING CAPITAL* at end of year	<u>\$648,210</u>	<u>\$698,607</u>

* Working capital has been determined excluding current portion of other receivables.

AUDITORS' REPORT

To the Shareholders of Inter-Provincial Diversified Holdings Limited

We have examined the consolidated balance sheet of Inter-Provincial Diversified Holdings Limited and subsidiary companies as at December 31, 1969 and the consolidated statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in accounting for holdbacks on contracts explained in Note 3, and elimination of overhead in inventory explained in Note 4.

Toronto, Canada
February 20, 1970
(February 27, 1970 as to Note 11)

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

Inter-Provincial Diversified Holdings Limited

AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1969

1. CHANGE OF NAME

The name of the company was changed from Inter-Provincial Commercial Discount Corporation Limited to Inter-Provincial Diversified Holdings Limited by supplementary letters patent dated March 31, 1969.

2. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the following wholly owned subsidiary companies:

Western Aluminum Products Limited
Amalgamated Glass Limited
I.C.D. Realty Limited.

The 1968 comparative figures have been presented on the same basis used in 1969 which differ from the form of presentation reported to the shareholders for 1968.

3. ACCOUNTS RECEIVABLE

In prior years progress billings on contracts were charged to accounts receivable and credited to income at gross amounts, which included holdbacks for satisfactory completion of work. For 1969 holdbacks have been excluded, and as a result accounts receivable have been decreased by approximately \$34,000 and net income for the year has been decreased by approximately \$16,500.

4. INVENTORIES

	1969	1968
Raw materials and materials for resale	\$657,407	\$518,374
Work in process and finished goods	116,385	148,796
	<u>\$773,792</u>	<u>\$667,170</u>

Raw materials are valued at the lower of cost and replacement cost. Materials for resale, work in process and finished goods are valued at the lower of direct cost and net realizable value. A 5% overhead charge applied to work in process and finished goods in prior years has been excluded for 1969, and as a result that portion of the inventory has been decreased by approximately \$7,000 and net income has been decreased by approximately \$3,500.

5. OTHER RECEIVABLES

	1969	1968
Commercial accounts receivable less amounts due to customers when receivables are collected (1968, \$294,926)		\$150,867
Advances to dealers secured by debentures or chattel mortgages	\$ 87,000	119,570
Commercial instalments receivable	6,783	19,255
Sundry accounts receivable	25,872	52,475
Mortgages receivable	16,618	20,272
	136,273	362,439
Less allowance for doubtful accounts	16,126	55,026
	<u>\$120,147</u>	<u>\$307,413</u>

6. FIXED ASSETS

	Cost	1969 Accumulated depreciation	Net	1968 Net
Land	\$ 35,793		\$ 35,793	\$ 35,793
Paving	4,733	\$ 96	4,637	206
Buildings	462,276	98,856	363,420	309,603
Plant and equipment	222,516	120,597	101,919	79,813
Office equipment	96,118	68,061	28,057	24,270
Automotive equipment	94,881	48,114	46,767	31,889
Landscaping	2,366	2,366		
	<u>\$918,683</u>	<u>\$338,090</u>	<u>\$580,593</u>	<u>\$481,574</u>

Depreciation has been provided on net balances at rates indicated.

Additions during the year are depreciated from the month of acquisition.

7. LONG-TERM DEBT

INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED

	1969	1968
6¾% secured collateral trust notes, maturing December 31, 1971	\$229,050	\$ 687,150
6½% subordinated convertible debentures, maturing January 15, 1985	9,000	71,000
7½% subordinated debentures, maturing November 1, 1975	346,000	346,000
Accrued interest on 7½% debentures	106,503	75,302

WESTERN ALUMINUM PRODUCTS LIMITED — MORTGAGES

Alberta Commercial Corporation 7½%, payable \$1,611 per month including interest to September, 1980	143,130	150,871
Montreal Trust Company 7½%, payable \$442 per month including interest to May, 1980	38,450	40,817
Montreal Trust Company 9¾%, payable \$299 per month including interest to August, 1989	31,819	
Chattel mortgages, payable in varying monthly instalments	15,497	42,041
	<u>919,449</u>	<u>1,413,181</u>
Less principal included in current liabilities	26,328	34,554
	<u>\$893,121</u>	<u>\$1,378,627</u>

6½ % SUBORDINATED CONVERTIBLE DEBENTURES

Sinking fund requirement, \$9,000 on January 15, 1977.

No interest is payable for the period July 15, 1966 to July 14, 1975. Commencing July 15, 1975 interest is payable to January 15, 1985.

The debentures are convertible at the rate of 1,000 shares for each \$1,000 principal amount of debentures, to January 14, 1985.

7½ % SUBORDINATED DEBENTURES

The company is required to pay to the Trustee in each of the years 1972 to 1974 a sum sufficient to retire \$85,000 in principal amount of debentures.

Interest payable on November 1, 1966 and on May 1 and November 1 in each of the years 1967 to 1971 inclusive is deferred. One-half of each deferred amount, together with one-half of the accrued interest on such deferred amount is payable on or after November 1, 1974. The balance of the deferred amount, together with the balance of the accrued and unpaid interest thereon is payable on or after November 1, 1975.

8. CAPITAL STOCK

By supplementary letters patent dated March 31, 1969

(a) the 28,300 5% convertible preference shares with a par value of \$5 each were redesignated as 28,300 5% convertible first preference shares with a par value of \$5 each.

(b) the authorized capital of the company was increased from 2,000,000 common shares without par value to 5,000,000 common shares without par value and 2,000,000 second preference shares redeemable at par value \$1 each were created.

During the year 63,600 common shares were issued as follows:

Conversion of \$62,000 6½ % subordinated convertible debentures	\$62,000
Exercise of share purchase warrants at \$4	6,400
	<u>\$68,400</u>

The company has reserved 9,000 common shares for conversion of 6½ % subordinated convertible debentures on or before January 14, 1985. Share purchase warrants exercisable at \$4 per share expired on August 1, 1969 and share purchase warrants exercisable at \$10 per share expired on October 1, 1969.

9. LONG TERM LEASES

The company rents a building under a long term lease which expires December 31, 1974, the annual rental for which is \$7,836.

10. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers (as defined by The Corporations Act) amounted to \$14,930 (1968, \$12,400).

11. SUBSEQUENT EVENTS

Subsequent to the date of the balance sheet, Western Aluminum Products Limited sold its undertaking, property and assets as of and from the close of business December 31, 1969 to an equal partnership formed by Inter-Provincial Diversified Holdings Limited and Indal Canada Limited for \$2,500,000 and the assumption of liabilities other than a debenture payable of \$603,500. The purchase price was payable as follows:

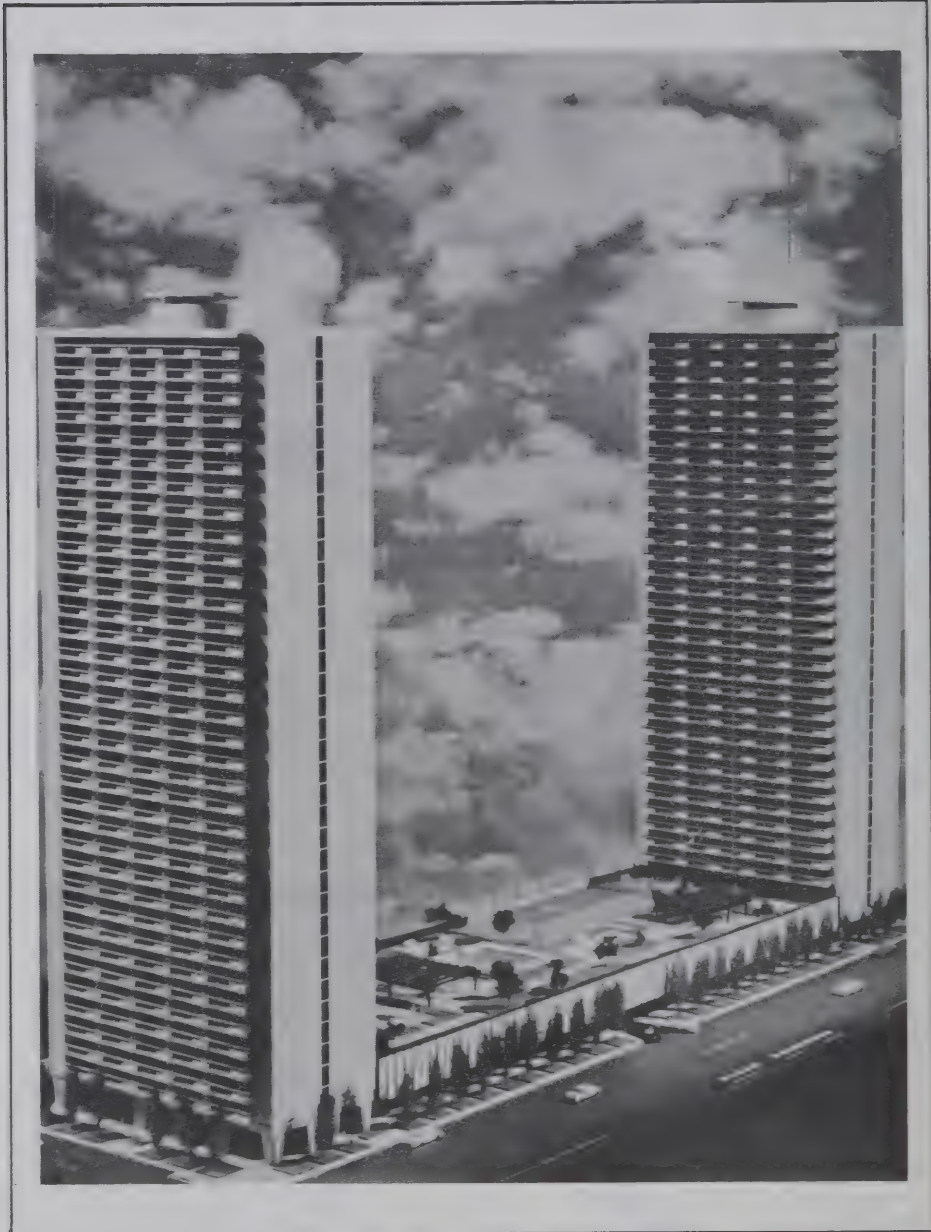
Cash from Indal Canada Limited	\$1,250,000
Cancellation of a debenture payable by Western Aluminum Products Limited to the company	\$603,500
Issue of a promissory note to Western Aluminum Products Limited by the company	<u>646,500</u>
	<u>1,250,000</u>
	<u>\$2,500,000</u>

Under the agreement Inter-Provincial Diversified Holdings Limited purchased from Indal Canada Limited a \$250,000 9½ % convertible debenture of Indal.

**PARAGON PROPERTIES LIMITED - PLACE CONCORDE
TWIN APARTMENT IN CALGARY**

GROWTH METROPOLIS

With a population of 337,093 in 1966, Calgary, Canada is growing at a rate of 4.2% annually, now touching 400,000. Called the "Oil Capital of Canada," Calgary has seen more than \$100 million worth of new building construction in its central core during the past decade. Today it is said that there is more than \$115 million worth of high-rise structures either underway or planned for the city, including the residential towers of Paragon Properties. Around 3,000 apartment suites in low-rise buildings are built annually in the metropolitan area.



The \$12 Million Place Concorde, Canada's tallest apartment building is now being completed.

WESTERN ALUMINUM PRODUCTS LIMITED supplied all the windows, patio doors and architectural work.

WESTERN ALUMINUM PRODUCTS LIMITED

COMPARATIVE THREE YEAR FINANCIAL HIGHLIGHTS

	<u>1969</u>	<u>1968</u>	<u>1967</u>
SALES ..	\$4,392,643	\$3,739,089	\$2,964,158
INCOME BEFORE TAXES	295,798	256,397	102,832
RETAINED EARNINGS (DEFICIT)	315,932	161,584	(54,759)
FIXED ASSETS — NET	568,376	470,169	436,534
LONG-TERM DEBT	881,438	1,004,850	1,011,791
SHAREHOLDERS' EQUITY	315,957	161,609	(54,734)

WESTERN ALUMINUM PRODUCTS LIMITED

(Incorporated as a private company under the laws of Alberta)

AND ITS CONSOLIDATED SUBSIDIARY COMPANY, AMALGAMATED GLASS LIMITED

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1969

(with comparative figures at December 31, 1968)

ASSETS

CURRENT ASSETS

	<u>1969</u>	<u>1968</u>
Cash	\$ 350	\$ 425
Accounts receivable (Note 2)	733,088	691,427
Inventories (Note 3)	773,792	667,170
Prepaid expenses	6,364	5,221
	<u>1,513,594</u>	<u>1,364,243</u>

SHARES IN WHOLLY OWNED SUBSIDIARIES (Note 1)	<u>2</u>	<u>2</u>
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OTHER ASSETS, at cost

Equity in residential property	14,118	14,118
Special refundable tax	2,432	2,432
	<u>16,550</u>	<u>16,550</u>

FIXED ASSETS (Note 4)

Land, buildings and equipment, at cost	862,295	710,324
Less accumulated depreciation	293,919	240,155
	<u>568,376</u>	<u>470,169</u>

DEFERRED CHARGES

Finance charges less amortization	875	4,403
Die costs less amortization	22,008	15,804
Incorporation expense	250	250
	<u>23,133</u>	<u>20,457</u>

	<u>\$2,121,655</u>	<u>\$1,871,421</u>
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WESTERN ALUMINUM PRODUCTS LIMITED

(Incorporated as a private company under the laws of Alberta)

AND ITS SUBSIDIARY COMPANY, AMALGAMATED GLASS LIMITED

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1969

(with comparative figures at December 31, 1968)

LIABILITIES

CURRENT LIABILITIES

Bank advances, secured by assignment of book debts and inventories	\$ 186,590	\$ 223,667
Accounts payable and accrued liabilities	547,459	383,000
Income and other taxes payable	145,883	54,241
Principal due within one year on long-term debt	26,328	34,554
	<u>906,260</u>	<u>695,462</u>

LONG-TERM DEBT

Mortgages payable (Note 6)	228,896	233,729
Less principal included in current liabilities	26,328	34,554
	<u>202,568</u>	<u>199,175</u>

Payable to parent company, Inter-Provincial Diversified Holdings Limited

Advances (non-interest bearing)	75,370	202,175
Debentures (interest 1969 — 15%; 1968 — 9%)	603,500	603,500
	<u>881,438</u>	<u>1,004,850</u>

DEFERRED INCOME TAXES (Note 5)	18,000	9,500
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SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized

20,000 shares of \$1 par value

Issued

25 shares	25	25
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RETAINED EARNINGS	315,932	161,584
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SHAREHOLDERS' EQUITY	315,957	161,609
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	<u>\$2,121,655</u>	<u>\$1,871,421</u>
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Approved by the Board:

JOSEPH FRIEBERG, *Director*

ROBERT SCOLNICK, *Director*

WESTERN ALUMINUM PRODUCTS LIMITED

AND ITS CONSOLIDATED SUBSIDIARY COMPANY, AMALGAMATED GLASS LIMITED

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 1969

(with comparative figures for 1968)

	1969	1968
SALES	<u>\$4,392,778</u>	<u>\$3,739,089</u>
INCOME BEFORE UNDERNOTED ITEMS	<u>526,513</u>	<u>435,001</u>
Interest on long-term debt	90,534	54,315
Parent company	18,468	14,537
Other, including amortization of finance charges	50,000	50,000
Management fees to parent company	56,764	53,149
Depreciation	14,949	6,603
Amortization of die costs	<u>230,715</u>	<u>178,604</u>
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	<u>295,798</u>	<u>256,397</u>
Income taxes (Note 5)		
Current	132,950	112,239
Deferred	8,500	9,500
	<u>141,450</u>	<u>121,739</u>
Income before extraordinary items	<u>154,348</u>	<u>134,658</u>
Extraordinary items		
Income tax reductions realized on carry-forward of prior years losses		82,733
Shares in subsidiary companies written down to nominal value		(1,048)
		<u>81,685</u>
NET INCOME for the year	<u>\$ 154,348</u>	<u>\$ 216,343</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1969

(with comparative figures for 1968)

	1969	1968
RETAINED EARNINGS (deficit) at beginning of year	\$ 161,584	\$ (54,759)
Net income for the year	154,348	216,343
RETAINED EARNINGS at end of year	<u>\$ 315,932</u>	<u>\$ 161,584</u>

AUDITORS' REPORT

To the Shareholders of Western Aluminum Products Limited

We have examined the consolidated balance sheet of Western Aluminum Products Limited and its consolidated subsidiary company, Amalgamated Glass Limited as at December 31, 1969 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in accounting for holdbacks on contracts explained in Note 2, and elimination of overhead in inventory explained in Note 3.

Toronto, Canada
February 20, 1970
(February 27, 1970 as to Note 7)

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

WESTERN ALUMINUM PRODUCTS LIMITED

AND ITS CONSOLIDATED SUBSIDIARY COMPANY, AMALGAMATED GLASS LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1969

(with comparative figures for 1968)

SOURCE OF FUNDS

Operations

Net income for the year	\$154,348	\$216,343
Add items not involving a current outlay of funds		
Depreciation	56,764	53,149
Deferred income taxes	8,500	9,500
Amortization of die costs	14,949	6,603
Amortization of finance charges	3,528	6,397
Shares in subsidiary companies written down to nominal value		1,048

	<u>238,089</u>	<u>293,040</u>
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Advances from parent company		13,520
Proceeds of mortgage borrowing	32,000	16,151
Sale of fixed assets	10,449	4,034
Sale of investments		5,170

	<u>280,538</u>	<u>331,915</u>
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APPLICATION OF FUNDS

Capital expenditures

Purchase of fixed assets	165,420	90,818
Additional die costs	21,153	16,215

	<u>186,573</u>	<u>107,033</u>
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Reduction in non-current portion of mortgages payable	28,607	39,709
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Repayment of advances from parent company	126,805	
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Increase in equity in residential property		2,944
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Special refundable tax		1,029
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	<u>341,985</u>	<u>150,715</u>
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INCREASE (DECREASE) IN WORKING CAPITAL	(61,447)	181,200
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WORKING CAPITAL at beginning of year	<u>668,781</u>	<u>487,581</u>
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WORKING CAPITAL at end of year	<u>\$607,334</u>	<u>\$668,781</u>
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WESTERN ALUMINUM PRODUCTS LIMITED

AND ITS CONSOLIDATED SUBSIDIARY COMPANY, AMALGAMATED GLASS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1969

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Western Aluminum Products Limited and its wholly owned subsidiary company, Amalgamated Glass Limited. Because of the dormant condition of the subsidiary companies, Duo-Seal Glass Co. Limited and Toulon Development Ltd., the investment in these companies is recorded at nominal value.

2. ACCOUNTS RECEIVABLE

In prior years progress billings on contracts were charged to accounts receivable and credited to income at gross amounts, which included holdbacks for satisfactory completion of work. For 1969 holdbacks have been excluded, and as a result accounts receivable have been decreased by approximately \$34,000 and net income for the year has been decreased by approximately \$16,500.

3. INVENTORIES

	1969	1968
Raw materials and materials for resale	\$657,407	\$518,374
Work in process and finished goods	116,385	148,796
	<u>\$773,792</u>	<u>\$667,170</u>

Raw materials are valued at the lower of cost and replacement cost. Materials for resale, work in process and finished goods are valued at the lower of direct cost and net realizable value. A 5% overhead charge applied to work in process and finished goods in prior years has been excluded for 1969, and as a result that portion of the inventory has been decreased by approximately \$7,000 and net income has been decreased by approximately \$3,500.

4. FIXED ASSETS

		1969		1968
		Cost	Accumulated depreciation	Net
Land		\$ 35,793		\$ 35,793
Paving	4%	4,733	\$ 96	4,637
Buildings	5%	462,276	98,856	363,420
Plant and equipment	20%	222,516	120,597	101,919
Office equipment	20%	41,758	25,868	15,890
Automotive Equipment	30%	92,853	46,136	46,717
Landscaping		2,366	2,366	
		<u>\$862,295</u>	<u>\$293,919</u>	<u>\$568,376</u>
				<u>\$470,169</u>

Depreciation has been provided on net balances at rates indicated. Additions during the year are depreciated from the month of acquisition.

5. INCOME TAXES

The company charges earnings with income taxes currently payable and also with taxes deferred by claiming capital cost allowances in excess of depreciation recorded in the accounts. The accumulated total of such tax deferments is reflected in the balance sheet as "Deferred income taxes".

6. MORTGAGES PAYABLE

	1969	1968
Alberta Commercial Corporation		
7½ %, payable \$1,611 per month including interest to September, 1980	\$143,130	\$150,871
Montreal Trust Company		
7½ %, payable \$442 per month including interest to May 1980	38,450	40,817
Montreal Trust Company		
9¾ %, payable \$299 per month including interest to August 1989	31,819	
Chattel mortgages, payable in varying monthly instalments	15,497	42,041
	<u>\$228,896</u>	<u>\$233,729</u>

7. SUBSEQUENT EVENTS

By an agreement as of January 1, 1970, the company sold all of the undertaking property and assets of the company for a consideration of \$2,500,000 and the assumption of liabilities other than the debenture payable of \$603,500.



Inter-Provincial Diversified

Holdings Limited

formerly

(Inter-Provincial Commercial Discount
Corporation Limited)

Report — December 31, 1969

Executive & Head Office:
Highway #7 and Keele Street
Concord, Ontario